

Frequently Asked Question

Priority Group 8, Copayments and Geographic Means Test

What was Congress' intent when it passed the law reducing copayments for some nonservice-connected veterans?

Congress wanted to grant relief to veterans with marginal incomes, recognizing that income alone is not always a fair measure of one's standard of living because of sometimes large differences in geographic costs of living. The method Congress chose was to modify VA's system of determining veterans' ability to pay for health care by creating a geographically-based income limit and reducing inpatient copayments for those veterans whose income falls below these new geographic income thresholds. The new geographic income thresholds are adjusted for all standard metropolitan statistical areas (SMSAs) and are updated periodically to reflect economic changes within the SMSAs. So the new system for Priority 7 veterans retains VA's current national income threshold but takes into account local costs for near-poor veterans.

Why were the new enrollment priority groups created?

Congress wanted to grant relief to low-income veterans living in high-cost areas through a law that took effect October 1, 2002.

What are the new enrollment priority groups?

The redefined Priority Group 7, qualifying for an 80 percent reduction in the hospital copayment, consists of two subgroups:

- Priority Group 7a: Noncompensable, zero-percent service-connected veterans with income above the statutory VA means test threshold and below the HUD geographic income limit or with income below both the VA threshold and the HUD income limit whose net worth plus income exceeds \$80,000 and who agree to pay the applicable copayments. (For more on the HUD income limits, see <http://www.hud.gov/renting/phprog.cfm>.)
- Priority Group 7c: Nonservice-connected veterans who fit into one of the two situations described above.

Veterans in the new Priority Group 8 continue to make the full copayment and will include noncompensable, zero-percent service-connected veterans and nonservice-connected veterans. (Note: The subgroups listed above are 7a and 7c.)

What veterans will be affected?

The copayment reduction will affect certain veterans in Priority Groups 4, 6 and 7 whose family incomes are between VA's traditional "means test" income limits and the "low-income" limits for their geographical area set by the U.S. Department of Housing and

Urban Development (HUD) for public housing benefits. These veterans either do not have a service-connected disability or their disability was judged not severe enough to justify compensation.

How and when will veterans learn to which group they are assigned?

Veterans who are currently receiving care will receive letters informing them of any changes to their enrollment group assignment or their medical care copayment status later this year. Veterans who have not received care from VA recently, but who seek care from VA in the future will be informed when they first apply for care.

How will VA determine the area in which a veteran resides for purposes of determining the applicable “low income” limits?

The veteran’s residence is the address where he lives most of the time.

How will VA calculate a veteran’s income for Geographic Means Testing?

The veteran’s income is based on the previous year’s income that the veteran, the spouse and dependent children earned. Under Geographic Means Testing, VA may use projected income for the current year on a case-by-case basis to avoid a hardship to a veteran. The number of persons in the veteran’s family will be factored into the calculation to determine the applicable low-income threshold for the veteran’s geographic region.

What is the VA income level?

The VA income limits is \$24,644 in 2003 for single veterans or \$29,576 in 2003 if married, with \$1,653 (2003) added for each dependent child. However, veterans' net worth, combined with their income, generally cannot exceed \$80,000 in order to be exempt from medical care copayments.

How will a veteran’s benefits change?

Veterans placed in the new Priority Group 7 will receive an 80% reduction in their hospital copayments. That means Priority Group 7 veterans now only pay 20% of established copayment requirements for VA hospitalization. Outpatient, pharmaceutical and extended care copayments will remain the same. This change only applies to hospital copayments.

What is the current inpatient copayment?

The inpatient medical care copayment in 2003 is \$840 for any hospitalization up to 90 days, plus \$10 per day. After the first 90 days of hospital care, the charge is half, or \$420, plus \$10 daily. Copayments change each calendar year to match Medicare's deductibles. The new geographic means test copayment will be 20% of those amounts, \$168 for hospitalization up to 90 days and \$2 per day.

When will veterans see a difference in the amount of their bills for treatment?

VA is in the process of releasing bills for inpatient care held since October 1, 2002 now. Veterans will receive either full-copayment bills or the 80 percent-reduced bills depending on VA's analysis of their reported income using the new geographic low-income limits.

Who will be affected?

Geographic Means Testing only affects certain nonservice-connected veterans and 0% noncompensable service-connected veterans in Priority Groups 4, 6 and the old 7. Priority Group 4 includes higher-income veterans whom VA has determined are catastrophically disabled and Priority Group 6 includes higher-income veterans exposed to various environmental toxins. While certain veterans in groups 4 and 6 may have their copayments reduced as a result of the new law, their enrollment priority will not be affected.

How many veterans will have their copayments reduced?

Less than 100,000 veterans had their copayments reduced after VA completed its conversion to this new system. Most veterans in the old Priority Group 7 have either declined to provide income information or have reported high income in prior years and have not updated their records with current income information. Under the new system, these veterans are placed in the new Priority Group 8, where their copayments will remain the same unless they provide current income information that VA determines qualifies them to be placed in Priority Group 7. VA expects that approximately a third of veterans who choose to report their current income will be converted to Priority Group 7.

Does geographic means testing change the VA health care enrollment process?

The enrollment process has not changed. Veterans still apply for VA health care by completing VA form 10-10EZ, which can be obtained on the Internet, or from the nearest health care facility.

Will a veteran have to reenroll because of geographic means testing?

No. If a veteran is enrolled for VA health care, there will be no need to reenroll.

Will a veteran always keep the same Priority Group status?

No. Some veterans' enrollment will be reviewed annually and may change due to changes in their financial status, priority group definitions and available VA resources.

How many different HUD income levels are there?

HUD has low-income levels established for 3,133 counties across the country, although there are only 1,400 different income levels.

What effect will this reduction in VA's revenues have on its health care operations?

VA estimates that once implemented, the geographic means test could reduce its revenues by about \$5.3 million in fiscal year 2003. As more veterans report current income information, the potential impact on VA revenues will increase. Within the overall context of VA's health care budget, however, this is expected to have minimal impact.

If veterans have questions, whom can they contact?

Contact the VA Health Benefits Service Center at the toll-free number, 1-877-222-VETS (8387). More information on eligibility and enrollment appears on VA's website at www.va.gov/elig